



LEGISLATIVE FINANCE COMMITTEE

59TH Montana Legislature

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RIT SUBCOMMITTEE

MINUTES

October 5, 2005

Room 102, State Capitol
Helena, Montana

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. Committee tapes are on file in the offices of the Legislative Fiscal Division.

ROLL CALL

Senator Rick Laible
Senator Don Ryan
Rep. Rosalie Buzzas
Rep. Rick Ripley
Barbara Smith, LFD
Cassie Rice-Wetzel, Committee Secretary

Call to Order (Tape 1A-001)

Representative Ripley, Chairman, called the meeting to order at 3:00 p.m. on Wednesday, October 5, 2005. The meeting was held in Hearing Room 102 of the State Capitol, Helena, Montana. Secretary noted the roll (Attachment #1).

Administrative Matters/Review of Agenda (Tape 1A-006)

Chairman Ripley stated that the purpose of this subcommittee is to examine RIT funding and possibly make recommendations and/or changes to the Legislative Finance Committee (LFC).

Implementation of HJR 36 – Staff Report (Tape 1A-026)

Barbara Smith, Associate Fiscal Analyst, LFD reviewed the documents provided in the notebooks; Resource Indemnity Trust Report (Exhibit 1), RIT Fund Profiles (Exhibit 2), RIT and RIGWA Statutes (Exhibit 3 and 4), Fund Balance Report (Exhibit 5), 2007 Biennial

Distributions of the RIT Interest and the Resource Indemnity Groundwater Assessment (Exhibit 6), and a memo from Budget Director David Ewer to the Agencies (Exhibit 7).

Ms. Smith discussed the basics of HJR 36 (Exhibit 8). This resolution requires a review of RIT and related funds statutes, appropriations and utilization, requires a report to the 60th Legislative Session, requires director level involvement of affected agencies, including the budget office. The deadline is September 16, 2006. Todd Everts of the Environmental Policy Office will be our legal counsel.

RIT was designed to improve total environment and to rectify damages 15-38-203, MCA (Exhibit 3). RIGWA was created to protect and restore the environment, support development programs and assess groundwater 15-38-103, MCA (Exhibit 4).

Background Information and History (Tape 1A- 078)

Ms. Smith provided a power point presentation outlining the historical background of Resource Indemnity Trust (RIT) and the Resource Indemnity Ground Water Assessment (RIGWA), project scope, a potential plan and a summary. (Exhibit 9) The 2007 biennial distributions of the Resource Indemnity Trust Interest and the Resource Indemnity Groundwater flow sheets shows where RIT and RIGWA are now. (Exhibit 6) The eleven state special revenue funds that receive RIT related income have been profiled for the purpose of providing background on each fund. (Exhibit 2) Ms. Smith responded to questions from RIT members.

Chairman Ripley requested a copy of the results of the study done in 1990. Ms. Smith will provide copies. Other copies available are the 1980's AG opinion, 1989 Supreme Court Decision, 1984 study brief and the 1996 LFC Summary brief.

Agency Comment on HJR 36 (Tape 1A-550)

Amy Sassano, OBPP updated the committee on what the executive branch is doing to address this issue. They have had one meeting with DNRC and DEQ and are in the information gathering period to determine what are the specific uses of these funds. An executive branch

working group will be developed to provide recommendations to the RIT subcommittee and the legislature.

Mary Sexton, Director, DNRC reported that the department uses primarily two of the funds within RIT, the renewable resource and the reclamation and development for grants and loans and operations administration to two bureaus within the Conservation Resource and Development CARD division.

Richard Opper, Director, DEQ said they are very supportive of the Resolution and welcome a thorough review of all the accounts within the RIT. DEQ uses money from four RIT accounts, reclamation and development fund used for permitting enforcement and administration of the mining programs; hazardous waste/CERCLA program; Environmental Quality Protection Fund which supports state super fund work; and the orphan share account used to fund a percent of the remediation activities.

Tape 1B-040

Senator Laible requested a list of orphan share projects and an estimate of what the project costs are. Mr. Opper said they have a list of what the funds have been used for and will provide that before the next meeting and a list of the clean-up sites that have already been addressed.

Jim Hill, Director, Digital Library Division, State Library said that the Digital Library Division houses the Natural Resource Information System (NRIS) that has been the recipient of RIT funding since the mid 1980's. NRIS was established in 1983 by the legislature to provide a comprehensive program for the acquisition, storage and retrieval of information relating to natural resources in Montana. Mr. Hill responded to questions from committee members.

Bruce Loble, Chief Water Judge, Montana Water Court reported that about two-thirds of the Courts \$1.2 million annual budget comes from RIT. About 80 percent of the funds spent in the past went to personal services and 20 percent to operating expenses.

Tom Patton, Montana Bureau of Mines and Geology said they use money from the groundwater assessment program. The program consists of three programs; 1) characterization of groundwater across the state, visitation and characterization of aquifers; 2) development of long-term water levels in wells across Montana, and 3) groundwater information database. Mr. Patton responded to questions from committee members.

Sue Daly, Department of Fish, Wildlife and Parks said that in the 1997 Legislative Session, HB 647 was passed which established the department as a player in the RIT formula. For a 10-year period they were allocated \$0.5 million per year for bull trout and cutthroat trout restoration projects. During the special session in 2002 that was temporarily reduced to \$350,000 a year. The funds are used through the future fisheries program for restoration projects with a focus on mineral reclamation projects. It is due to sunset in July 2009 and the appropriations are almost entirely obligated to projects at the current time.

Representative Ripley asked Amy Sassano if the RIT Subcommittee could receive copies of the agency's responses before the meeting in December. Ms. Sassano said that we are welcome to have any copies of what is received from the agencies.

Public Comment

None

Instructions to Staff (Tape 1B-600)

Ms. Smith provided a copy of the HJR 36 Narrative Work Plan Draft (Exhibit 10) outlining dates, activities and outcomes. **MOTION: Senator Laible** moved to adopt the work plan. **VOTE:** Motion carried.

Next RIT Meeting

The next meeting of the RIT will be Wednesday, December 7, 2005.

Adjournment

Meeting adjourned at 4:30 p.m.